

ECONOMIC UPDATE

Marine Bank provides quarterly economic updates as a service to its customers. If you would prefer to receive this newsletter electronically, please contact:

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About John J. Terril

John "Joe" Terril is the president of Terril & Company, an independent wealth management firm based in St. Louis, Missouri. Terril & Company oversees retirement plans, IRAs and individual investment portfolios for corporate executives, successful professionals, professional athletes, and small business owners. After 27 years in business, an important cornerstone of Terril & Company's philosophy remains ensuring that no conflicts of interest exist between the company and its clients.

Joe Terril and Marine Bank's Annette Piper team up to provide outstanding investment management services with a *personal touch* that is classic Marine. For a free, unbiased and totally objective analysis of how your own assets can be most effectively managed call Annette Piper today at 217.726.0661.

A HAPPY AND PROSPEROUS NEW YEAR?

By John J. Terril

As we start the new year, the economy looks bleak. But, this is not to say *everything* is wrong. Manufacturing in the U.S. is making a good comeback. The agricultural markets are booming. The energy industries are surging. Most service businesses are doing fine. The technology industry is slowing, yet continues to grow. Although weakening, employment is – for the moment – okay.

The problem with the economy is . . . and continues to be . . . the Federal Reserve Bank is printing too much money! We have talked about . . . and warned about . . . this for the last 18 months. Too much money is resulting in higher rates of inflation and a real squeeze on the American consumer. Corn, wheat and soybean prices are near record highs. Energy and metal prices are at record highs. The Fed is intent on attempting to print its way to prosperity. This will not work.

The economy grew at a 4.9% rate in the third



quarter. This growth dropped to 1% to 2% in the fourth quarter. For 2008, there is a majority probability the growth rate turns negative. A dose of "stag-flation" (a high inflation rate during a time of recession) is upon us.

In previous quarters, we mentioned a real caution towards investments, particularly stocks. This outlook is confirmed and strengthened by recent Fed action. Bonds can be a reasonable performer until the Fed is forced by international institutions to "tighten" credit. Gold and other commodities will continue to perform well in this environment. The U.S. dollar will continue to weaken and argues for non-dollar

investments, especially income funds.

The economy outside the U.S. will slow, but continue to grow. This growth will help to temper the slowdown inside the U.S. The elections are probably a neutral for the economy. Any serious talk of raising taxes and discouraging capital formation could turn the election into a negative.

With both positives and negatives stated, 2008 may offer the opportunity to purchase investments at a significantly lower price. The action of the Fed and the reaction of the international markets will tell the story for 2008. We are monitoring this story and will update you quarterly.

INVESTMENT SEMINAR DECEMBER 12



Thank you to everyone who joined us at the Marine Bank Investment Outlook Seminar at Illini Country Club! Snowy weather did not deter the crowd from coming to hear

investment professional Joe Terril's take on the coming year. Pictured at left are: **George Laubner, Annette Piper, Chris Zettek, Mark Richardson and Joe Terril.** Above, Annette and Mark visit with **Larry Sweat.**



Trust & Investment Services

Investment Management
Retirement Accounts
Custody of Securities
Trustee Under Will
Estate Services
Living Trusts
Charitable Trusts

TRUST BASICS SEMINAR

Join Us!

3 p.m. Tuesday, March 4

First United Methodist Church
2941 South Koke Mill, Springfield



Annette Piper, Vice President of Marine Bank's Trust and Investment Management division, and **Sarah Delano Pavlik**, estate planning attorney with Delano Law Offices, will explore questions including:

- What are the benefits of a trust?
- Do you need a trust?
- How do you go about establishing a trust?



Please RSVP to Becky Claycomb,
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